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**Subject: STIP Comments****From: George Matz <geomatz@alaska.net>****Date: Fri, 30 Dec 2005 10:24:55 -0900****To: DOT\_STIP@dot.state.ak.us**

Cook Inlet Alliance  
PO Box 2421  
Homer, AK 99063

Alaska Department of Transportation and Public Facilities  
Statewide Planning Office  
Division of Program Development  
3132 Channel Drive, Suite 200  
Juneau, AK 99801-7898

December 30, 2005

Re: STIP Comments

Dear DOT&PF:

Following are comments by the Cook Inlet Alliance on DOT&PF's Draft 2006-2008 Alaska Statewide Transportation Improvement Program (STIP). The Cook Inlet Alliance is a Homer-based group of citizens dedicated to gathering and sharing reliable information about the proposed Pebble open pit mine and related projects, and its potential effects on Cook Inlet communities and resources.

DOT&PF's web site states that, "The STIP displays the projects the department plans to design and build in each of the next three years." The Cook Inlet Alliance believes that the Williamsport/Pile Bay Road STIP project from Cook Inlet to Lake Iliamna cannot be justified as a public transportation project because the scale being proposed is more commensurate with an industrial highway to serve potential mines than existing public use. Also, the project has not clearly demonstrated either economic feasibility or compatibility with the area's sensitive environment. Furthermore, the entire scope of the project (the proposed Bristol Bay to Cook Inlet Corridor and utility corridors) has not received proper NEPA review. Therefore, we do not believe that this project is anywhere near being ready to "design and build" or that it should be included in the final version of the STIP.

We have five fundamental objections to the Williamsport/Pile Bay Road project.

1. This is not a public project. The Williamsport/Pile Bay Road is an existing road of sorts that has been used in past years to portage fishing boats between Cook Inlet and Lake Iliamna. But its current use, which has been declining, is not commensurate with the project scale envisioned by the STIP. The STIP mentions building parking/staging areas, etc., that are more aligned with the needs of the Pebble Mine than current public use.

It is clear that DOT&PF envisions the Williamsport/Pile Bay Road as an industrial highway and part of the transportation infrastructure that the proposed Pebble Mine may need. In fact, DOT&PF's FY 2007 budget request states, "In an effort to accelerate transportation development and provide significant revenue and employment opportunities to the state, the department established the Industrial Roads Program (IRP).. The IRP also includes.. Pebble Copper prospect north of Lake Iliamna."

We do not think that public monies should be used for the development of transportation infrastructure that is essentially meant to benefit a privately owned industrial facility like the Pebble Mine, particularly when road improvements in many nearby communities that clearly serve the public interest are being put on the back-burner (e.g., Sterling Highway). A healthy economy for the state is based on having industry pay its way, not on subsidies which too often are essentially a hidden tax. The economic feasibility of a resource development project like the proposed Pebble Mine can be objectively measured only when the project is required to internalize all of its costs.

2. There is not now a meaningful public process. Although the Williamsport/Pile Bay Road has been under review the past few years via DOT&PF's Southwest Alaska Transportation Plan and the STIP process is supposed "to give interested parties an opportunity to evaluate the choices and to make comments before final decisions are made and the program is adopted," the reality is that the public process is now being shortchanged. This is reflected by DOT&PF's FY 2007 budget request which states, "All actions are designed to coordinate with the development of the particular resource and move projects through planning and design processes and into construction as rapidly as possible." In other words, DOT&PF has already made a final decision and the only input it now seeks from interested parties is how to build the project, not whether it should be built.

Given that the Pebble Mine has not had good public support, has yet to demonstrate economic feasibility, and has a development plan for that mine that has proven to be a moving target, we think that pushing ahead now with upgrading the Williamsport/Pile Bay Road is premature and has the potential

of creating another Mickel Highway. As you recall, Governor Mickel's compulsive effort in 1968 to build an industrial highway to Prudhoe Bay resulted in a botched attempt that today is an abandon road melting into the permafrost. Given unresolved questions as to where Northern Dynasty would prefer its Pebble Mine route, the risk of another Mickel Highway seems more than speculative. This is not what the State can afford, despite recent windfall oil revenues, or what its reputation needs, given all the recent national controversy on transportation projects.

Despite DOT&PF's assertion in its FY 2007 budget request that "planning staff continues to work closely with the Department of Natural Resources and with a coalition of public and private groups interested in these projects," we seriously question whether it has provided all interested parties with this opportunity. In August 2005 I responded to a Notice of Intent regarding the Williamsport-Pile Bay Road (see Attachment #1) and specifically requested from Jerry Ruehle, Environmental Coordinator for DOT&PF "copies of the planning documents that exist for this project." After several weeks of not getting any reply I e-mailed Mr. Ruehle again (see Attachment #2) and still have yet to receive a reply. This leads us to conclude that DOT&PF's is working only with a coalition of project supporters rather than all those who may be critical of the project.

3. Economic feasibility remains questionable. It appears that DOT&PF has already concluded that the road and port for the Pebble Mine will "provide significant revenue and employment opportunities to the state." Not only have we not seen analysis which supports this contention, despite having requested such information, but we question whether such an analysis can be done at this time given substantial uncertainty associated with the Pebble Mine. DOT&PF appears to be making an ideological statement rather than a statement of fact.

Furthermore, given the minimal taxes currently levied by the State of Alaska on the mining industry as well as the cost of other infrastructure (e.g., schools) that will be imposed on nearby communities due to the likely influx of new workers and families associated with the construction and startup of the Pebble Mine, we seriously question whether all revenues collected by the state and local governments will ever come close to paying the costs imposed by the project. We know of no economic impact analysis of the proposed Pebble Mine project, which could help provide some of these answers. Therefore, we do not believe that DOT&PF can defend its statement that improving the Williamsport-Pile Bay Road so that it can serve as an industrial highway will "provide significant revenue to the state."

With regards to existing use of the Williamsport-Pile Bay Road, the Southwest Alaska Transportation Plan claims that it will result in an annual freight savings of \$3,848,400 in 2020. These savings attribute \$2,765,900 to cargo and \$1,082,500 to the gillnet fleet, which are Bristol Bay fishing boats being portaged from Lake Iliamna to Cook Inlet. Costs include \$209,250 for annual O&M and \$2,577,550 for annualized capital costs at a 7% interest rate; totaling \$2,786,800.

The Southwest Alaska Transportation Plan gives the impression that savings realized by existing public uses of the road are about 38% greater than project costs, thereby justifying the economic feasibility of the project. However, the accuracy of some of the key assumptions is questionable. Although the Appendix lists factors that may result in a different conclusion, it does not provide any information regarding sensitivity of the cost and effectiveness analysis to these factors. For instance, savings to the gillnet fleet assumes a substantial increase in use of the road even though recent use has been dropping. What would the analysis indicate if more current conditions were assumed? Also, savings for freighting petroleum products and consumer goods appears to be based on year round delivery and use of the road. Keeping a 15.5 mile isolated road open through the winter for only \$209,250 a year seems unreasonably low. How does that compare with other rural roads that are maintained year round?

There are other questions that come to mind, but the data in the Appendix is too limited to provide adequate review by the public. Consequently, it is not clear that the Williamsport-Pile Bay Road is a good investment based solely on benefits derived from serving current public needs. Economic feasibility does change dramatically, however, when including benefits to proposed mines in the area. But then this gets back to our first issue: who should pay for the project?

4. Environmental and fisheries impacts are a risk. In November, the Cook Inlet Alliance sponsored a forum in Homer on open-pit mining and the proposed Pebble Mine. Since there was no survey data to indicate what the Homer public felt about open-pit mining or the Pebble Mine or how the public felt about some of the major issues (benefits and costs) associated with the project, we thought the forum would provide a good opportunity for a survey, even if it would not be considered scientific (i.e., random selection). Consequently, we handed out a questionnaire to the approximately 130 people who attended. Below is a summary of responses, which does not include responses from about a dozen Cook Inlet Alliance members who were there to help with the event.

The major observations of the report are that:

- . 84% of those who handed in questionnaires do not favor open-pit mining in Alaska. 12 % do and 3% are undecided.
- . 86% of those who handed in questionnaires do not favor the Pebble Mine Project. 10% do and 3% are undecided.
- . When asked to rank the importance of nine issues associated with the



Pebble Mine Project, respondents said environmental effects and fisheries effects are most important. Concerns about economic costs, subsistence opportunities, socio-economic effects on Homer, and recreation effects were grouped together in the middle. Jobs jeopardized ranked higher than jobs created, with economic benefits wedged between these two issues. Numerous comments should provide decision-makers with valuable information about public concerns.

Looking at the ranking of issues, it is obvious that many Homer residents have strong apprehensions about the impact that the Pebble Mine and its infrastructure might have on fish in the Lake Iliamna region. Also, it appears that Homer residents clearly associate healthy environmental conditions in the Lake Iliamna region with healthy, sustainable fish stocks.

Although the Williamsport-Pile Bay Road traverses anadromous streams, to our knowledge, there are no publicly released reports that describe what impacts that upgrade of the road will have on fish or wildlife. If the road will be used for hauling petroleum products, what are the risks of an oil spill from an overturned truck? Which route provides the least risk? If another Hickel Highway type fiasco is to be avoided, the public need to be assured that project review is not being compromised by other agendas.

5. The Williamsport-Pile Bay Road under STIP fragments project scope, which may violate NEPA. The Williamsport-Pile Bay Road is really just a piece of a much larger project which is intended to provide the Pebble Mine site with not only an industrial scaled road, port, and air access, but a significant amount of electric power connection. When impacts from a project are evaluated piece by piece, it often turns out that the sum of the pieces doesn't add up to the whole. Consequently, Environmental Impact Studies for project that have been fragmented often fail to pass the "adequate and complete" test. We think this may be a real possibility with the Williamsport-Pile Bay Road STIP project.

In summary, we have found serious procedural flaws with listing the Williamsport-Pile Bay Road project as a STIP project. Furthermore, the desire to have the State build part of the transportation infrastructure needed by the private sector is being commingled with policy objectives that are intended to serve a public purpose, obscuring the decision-making process.

We ask the DOT&PF to reconsider its apparent commitment to funding and building this project at this time. We think the money could be better spent on other road projects that actually have an existing need and more clearly serve the public.

Sincerely,

George Matz  
Cook Inlet Alliance Issues Coordinator

cc Governor Frank Murkowski  
Senator Gary Stevens  
Representative Paul Seaton  
Tim Haugh, FHWA

Attachment #1

George Matz  
PO Box 15182  
Fritz Creek, AK 99603

August 23, 2005

Jerry Ruehle  
Environmental Coordinator  
ADOT&PF  
P.O. Box 196900  
Anchorage, Alaska 99519-6900  
[jerry.ruehle@dot.state.ak.us](mailto:jerry.ruehle@dot.state.ak.us)

Re: Notice of Intent re Williamsport-Pile Bay Road

Dear Mr. Ruehle:

I recently read a notice for public comments about an ADOT/PF proposal "to REPAIR A PORTION of the WILLIAMSPORT to PILE BAY ROAD from Mile Post (MP) 3 to MP 9 as well as ENSURE PUBLIC ACCESS along portions of the roadway between MP 0 and 15." Actually, what drew my attention is Stage II which is to "Purchase existing parking/staging areas adjacent to the road at Williamsport and Pile Bay." Although the notice did not give an address to respond to (which seems to invalidate the notice), I was able to obtain your name from someone else as

the intended recipient.

My reason for commenting is that there appears to be no relationship with the stated purpose of the project (repair) and some of the expected products (parking/staging areas). Is this really a repair project to benefit existing users or is ADOT/PF actually starting construction of the Pebble Mine transportation infrastructure even though the mine has yet to demonstrate:

1. true economic feasibility thereby justifying the investment,
2. public approval which seems to be negative at this time, or
3. the possibility that Northern Dynasty will receive permits based on its self-imposed condition that there be "no net loss to the regions fisheries".

The contradiction between the stated purpose and the end products not only raises suspicion about ADOT/PF's getting ahead of itself, but not being candid with the public about how it plans to spend public monies and what other public-serving transportation projects have been put aside to allow the state to take on this private sector burden. Is this a case of robbing Peter (the public) to pay Paul (special interests)?

Furthermore, if the principal beneficiary of this project is to be the Pebble Mine and other proposed mines in the area, it appears that this project is a blatant and illegal attempt to circumvent NEPA requirements. If so, how is the ADOT/PF public planning process any different, fundamentally, than Enron and World Com accounting?

In these days when there is so much deception by government, it would seem that the best thing that an agency could do to advance a project is go by the rules, be professional, and make sure that there are no hidden agendas. Unfortunately, this does not seem to be the case here. Accordingly, I urge you to withdraw this notice, review all your material for legality, accuracy and transparency, and issue a revised statement if you think the project can still be justified.

Also, I would like to request copies of the planning documents that exist for this project. Please send them to my address above.

Do you need a hard copy of this letter for it to be included in the record?

Sincerely,

George Matz

Attachment #2

E-mail to Jerry Ruehle on November 8, 2005 from George Matz

Dear Jerry

Last August I emailed you comments on a public notice regarding the Pile Bay Road. I have yet to hear the status of that project. Can you inform me on this matter?

Also, I had requested more detailed information, which I have also not receive. Please see the letter attached.

Sincerely,

George Matz